

Company number: 06621203

Charity Number: 1128789

# Media Legal Defence Initiative

Report and financial statements

For the year ended 31 December 2016

# Media Legal Defence Initiative

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### For the year ended 31 December 2016

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## Media Legal Defence Initiative

### Reference and administrative information

For the year ended 31 December 2016

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<b>Company number</b>	06621203
<b>Charity number</b>	1128789
<b>Registered office and operational address</b>	17 Oval Way, London, SE11 5RR
<b>Country of registration</b>	England
<b>Country of incorporation</b>	United Kingdom
<b>Trustees:</b>	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Gwyneth Ellen HENDERSON    Chair (till 1 February 2017) Sarah Carolyn BULL Gary Brian BORN Robert JOBBINS                      Chair (from 2 February 2017) Joshua CASTELLINO Smita SHAH Olexiy SOLOHUBENKO Leo SKYNER                      Treasurer Korieh DUODO Matthew Richard FRANCIS
<b>Key management personnel</b>	Peter Noorlander              Chief Executive (resigned 21 April 2016) Lucy Freeman                  Chief Executive (appointed 4 April 2016)
<b>Bankers</b>	Triodos Bank, Deanery Street, Bristol, BS1 5AS  The Co-operative Bank Plc, PO Box 101, 1 Balloon Street, Manchester M60 4EP
<b>Auditor</b>	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane London. EC1Y 0TL

## Media Legal Defence Initiative

### Trustees' annual report

#### For the year ended 31 December 2016

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The trustees present their report and the audited financial statements for the year ended 31 December 2016.

Reference and administrative information set out on page one forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## Objectives and activities

The trustees review the aims, objectives and activities of the charity each year. This report looks at the achievements of the charity and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

## Purposes and aims

Media Legal Defence Initiative's (MLDI) charitable objects are to promote human rights throughout the world, in particular through protecting freedom of speech and the right to free expression, and to advance education in law, including human rights law, and journalism.

MLDI's core mission is to help journalists and media outlets defend legal cases against them. Where necessary, MLDI helps journalists and independent media pay legal fees and provides legal expertise to the lawyer(s) defending a case.

MLDI also supports the development of national organisations that provide legal defence services to journalists, particularly in countries where there is a high and ongoing threat of legal actions against journalists. It also provides support for training and networking programmes for lawyers in the fields of media law and human rights.

MLDI also engages in strategic litigation. Through this, it seeks to advance respect for international law and norms on the right to freedom of expression. MLDI submits cases to domestic courts and international tribunals, and intervenes in cases already under way, as well as supporting national lawyers in doing the same.

The following paragraphs provide further information on the activities undertaken by MLDI in 2016 in furtherance of these aims and objectives.

## Media Legal Defence Initiative

### Trustees' annual report

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Over the year, MLDI ran four programs to achieve its charitable aims:

- Support to individuals for legal defence: direct assistance to journalists
- Strategic litigation for media freedom
- Support to partner organisations for legal defence, including capacity building
- Support for training and capacity building

#### **Support to individuals for legal defence: Direct assistance to journalists**

MLDI's emergency defence fund provided assistance to 60 new cases of journalists and independent media in need of legal support and continued to provide support to 136 ongoing cases; therefore, MLDI provided support to 196 cases in total over the year. Typically, MLDI responds to requests for assistance by providing funding to hire a local lawyer, and works with the local lawyer to secure a good outcome for the journalist concerned. Over the year, the majority of MLDI's individual cases originated in Europe, Sub-Saharan Africa and Central Asia and Asia-Pacific. MLDI supported a smaller number of cases in the Americas, Middle East and North Africa.

MLDI applies the following criteria to select and approve requests for individual support:

- There is a real risk that the case will result in the imprisonment of the journalist concerned
- There is a real risk that the case will result in the bankruptcy of the media outlet or journalist concerned
- There is a real risk that the case will end in the closure of the media outlet concerned
- There is a real risk that the journalist or media outlet concerned will be silenced as a result of the case
- MLDI is the only realistic avenue to provide the assistance required
- The case is of potential strategic importance

#### **Strategic litigation for media freedom**

MLDI actively pursues cases that can have a wider impact on the development of law and practice in the country or region concerned and which may result in enhanced respect for international norms on the right to freedom of expression. MLDI's strategic litigation programme seeks to promote a legal and regulatory framework in which journalists and bloggers can report freely on issues of public interest.

Given the ongoing abuse of criminal laws in many of the countries in which MLDI is active, MLDI has particularly focused on strategic cases that offer an opportunity to bring these laws in line with international standards on freedom of expression or, where such standards are vague, to clarify them. In addition, MLDI has sought out cases that offer an opportunity to advance freedom of expression standards as regards internet-related media, for example, on the liability of newspaper websites for user-generated or third party content.

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#### **Support to organisations for legal justice: Support to partner organisations for legal defence (including capacity building)**

During 2016, MLDI provided grants to ten national and/or regional media legal defence organisations in nine countries. Building the capacity of these organisations is one of MLDI's priority activities for 2017.

MLDI assesses partnership applications using the following criteria:

- 1 The need in the country or region concerned
- 2 Legal capacity within the applicant organisation
- 3 Administrative and financial capacity within the applicant organisation
- 4 The existence of other organisations offering legal defence to journalists and media
- 5 Financial need / availability of alternative sources of funding
- 6 Organisation's ability to apply and report to MLDI in English

#### **Support for training and capacity building: Training lawyers, journalists and freedom of expression professionals**

MLDI's primary partners are lawyers, and it is of paramount importance that they have the right skills to defend journalists under threat. Therefore, MLDI runs training programmes and provides 'on the job' training and mentoring for partner lawyers. It also collaborates with relevant institutions to provide training on freedom of expression law to journalists and where appropriate other professionals working in the freedom of expression field. MLDI delivers training directly, in partnership with other organisations or through partner grants, filling a specific need in a country or region.

## Strategic report

### Achievements and performance

#### **Support to individuals for legal defence**

During 2016, MLDI directly supported 60 new cases from 26 countries with expert legal advice and financial support. MLDI continued to provide support to 136 ongoing cases, therefore supporting 196 cases in total over the year. The highest number of live cases were in Russia, followed by Azerbaijan and Kenya. In 2016, MLDI received a record number of requests from countries within Europe and its first cases from Panama and El Salvador.

Despite the challenging and dangerous circumstances journalists are facing, MLDI achieved many successes. In 2016, 69 cases concluded and in 71% of them MLDI either fully or partially achieved its objectives. MLDI's high success rate demonstrates that legal threats and sanctions used to deter independent journalism can be overcome.

## Media Legal Defence Initiative

### Trustees' annual report

#### For the year ended 31 December 2016

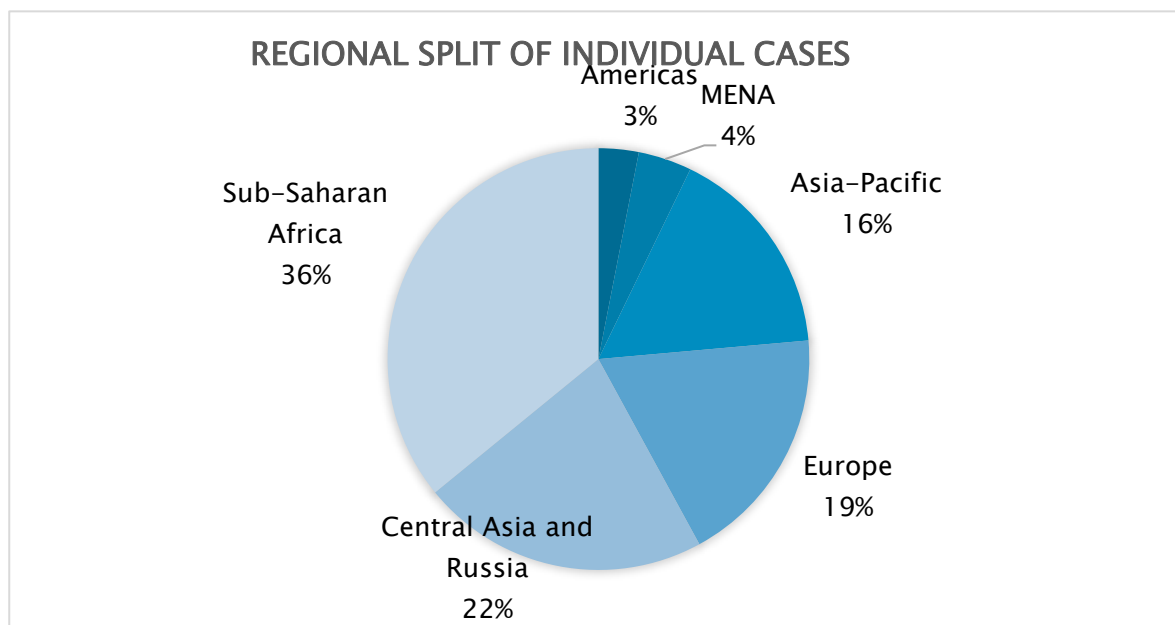
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Examples of the cases MLDI supported during the year include a case of Azerbaijani journalist Agil Khalil, who MLDI supported to take an application to the European Court of Human Rights after he suffered a violent attack linked to his journalism. In 2016, the Government of Azerbaijan acknowledged that it had breached Agil's rights and agreed to pay compensation for the human rights violations he suffered.

Another example of a success came from Somaliland, where Hubsad Newspaper faced spurious false news charges and charges relating to the media–licensing regime in that jurisdiction. Hubsad fought the case with the support of MLDI and the case was eventually dismissed by the domestic court.

Increasing pressure on independent online news outlets in Russia and a judiciary lacking in independence means freedom of expression cases are very difficult to win in the Russian courts, however, MLDI also won a case in Russia. In this case, the Russian magazine, 7x7, had been fined for publishing an interview in which someone referred to a military statue as “dames roasting a crocodile.” 7x7 were charged under the Administrative Code, aimed at countering attempts of assault on historical memory in relation to events that took place during the Second World War, with “abusing the freedom of mass information” by distributing information which expressed “clear disrespect for the days of military glory and anniversaries of Russia relating to the defence of the Fatherland or public desecration of symbols of military glory of Russia in public.” MLDI supported an appeal to the administrative sanction (fine). After months of litigation, the Supreme Court held that 7x7 could not be held liable for comments made in the interview.

A key component of MLDI's grant making is that it provides added–value grants. In addition to financial grants, MLDI's legal team provides technical legal support to grantees, working with the local lawyer to secure a good outcome for the journalist concerned. In 2016, MLDI provided substantive support to 41% of the individual cases it supported.



## Media Legal Defence Initiative

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The activities and outcomes of MLDI's individual casework in 2016 were measured using the following monitoring and evaluation criteria:

- Number of applications received
- The amount substantive support or added value provided
- Number of approved grants
- Breadth of countries reached
- Number of cases litigated
- Number of journalists continuing to publish in the public interest
- Individual case outcomes

#### Strategic litigation

MLDI's strategic litigation seeks to promote a legal and regulatory framework in which journalists and bloggers can report freely on issues of public interest.

MLDI's overall strategic plan for 2016 was to respond to the main identified challenges to a free press including:

- National security and defamation charges
- Threats to free speech online
- Physical violence and harassment of journalists and bloggers

MLDI worked on 33 strategic cases in 2016, taking on seven new strategic cases and continuing to work on 26 existing cases. The seven new cases originated in Hungary, Pakistan, Russia, Tanzania, Turkey, Uganda and the UK. Ten strategic cases ended in 2016. In four of these cases there was no outcome as either MLDI withdrew their involvement or the journalist decided not to pursue the case. The case objectives in the remaining six cases were either fully or partially met.

MLDI achieved significant wins at the African Court of Human and Peoples' Rights, the East African Court of Justice and the European Court of Human Rights.

Some of MLDI's significant strategic litigation achievements in 2016 include:

- Burkinabe journalist Konaté was awarded 4.5 Million CFA (approx. USD \$9000) compensation for the harm he suffered as a result of his year-long detention on charges of criminal defamation for publishing two articles that linked a prosecutor to corruption and abuse of power. This followed a landmark ruling on criminal libel in 2014.
- A judgment from the European Court of Human Rights, which found that in failing to provide information on an issue that was clearly in the public interest, Hungary had violated the right of access to information. The decision was a victory for journalists, bloggers and NGOs who rely on access to information held by the state to conduct investigations as part of their role as "public watchdogs". MLDI had intervened in the case.



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- Following a petition organised by MLDI and the University of Zagreb, The UN Working Group on Arbitrary Detention called for the release of a Vietnamese photojournalist, Mihn Man Dang Nguyen, who is currently serving a prison sentence for documenting events and issues that the Vietnamese Government did not wish to be publicised. The UN Working Group on Arbitrary Detention called on Vietnam to immediately release the photojournalist, finding that she “was detained solely for the peaceful exercise of her rights.” The Working Group also criticised the Vietnamese law under which Minh Man was convicted, calling it “vague and imprecise” and noting it has been used on persons who have merely exercised their rights to freedom of opinion or expression under international law.
- MLDI helped to secure the release from prison of Azerbaijani journalist Khadija Ismayilova, who, through her reporting, had exposed evidence of corruption by the President of Azerbaijan. She was arrested and detained on fabricated charges of incitement to suicide, large-scale misappropriation, illegal entrepreneurship, tax evasion, and abuse of power. Following an unfair trial, she was sentenced to 7.5 years in prison. MLDI and Amal Clooney of Doughty Street Chambers challenged her arrest and pre-trial detention at the European Court of Human Rights. In March 2016, they filed detailed legal submissions at the European Court alleging violations of Khadija’s rights under the European Convention on Human Rights. On 25 May 2016, the Azerbaijani Supreme Court acquitted Khadija of large-scale misappropriation and abuse of power, upholding her conviction of illegal entrepreneurship and tax evasion. Her sentence was reduced to a suspended prison sentence of 3.5 years with a probationary period of five. Khadija had spent almost 1.5 year in prison.

By the end of 2016, MLDI had 23 ongoing strategic cases that it continues to support. These cases relate to 13 different countries (Azerbaijan, Ethiopia, The Gambia, Hungary, Kenya, Pakistan, Russia, Rwanda, Sudan, Tanzania, Turkey, Uganda, and United Kingdom). A brief description of some of these cases is below:

- Legal Brains Trust Vs The Uganda Communication Commission and the Attorney General: Ugandan NGO, The Legal Brains Trust, has brought judicial review proceedings against the Uganda Communications Commission and the Attorney General of Uganda over social media blocking which had occurred in February and May 2016. On both occasions, the Uganda Communications Commission issued a directive of indefinite duration blocking access to social media platforms including WhatsApp, Facebook, Twitter and mobile money services. The most recent blocking occurred the evening before the swearing of President General Yoweri Kaguta Museveni for his fifth term. The social media applications that were subject to the blocking are used by journalists (and others) to report matters of public importance, and offer a timely way for media to keep the public informed of news reports and stories. This blocking is a violation of the right to freedom of expression and an issue of considerable strategic importance. MLDI hopes to obtain an injunction restraining the UCC from taking similar actions blocking access to social media platforms in the future, and to obtain a judgment that recognises that indefinite, blanket bans on accessing social media is a violation of freedom of expression.

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- Constitutional challenge to the Tanzanian Cybercrime Act: This case seeks to strike out or amend provisions of the Act that suppress freedom of expression online. The Act has vaguely defined criminal offences that could encompass a lot of activity carried out online or through a computer system, with the potential to chill the work of journalists and bloggers alike. Not only would a positive judgment have an impact on online freedom of expression in Tanzania, it would be an influential precedent on the continent where similar cybercrime laws exist or are being passed, for example in Kenya, Nigeria and Zimbabwe. Since the enactment of the Cybercrime Act 2015, Jamii Media has received police letters compelling them to disclose user information. The founder of the media company was arrested in December and MLDI is providing additional support so he can be properly defended against charges of failing to disclose user data.
- Gambia sedition and false news challenge at the Economic Community of West African States (ECOWAS) Court: The case before the ECOWAS Court considers the oppressive tactics adopted by the Gambian authorities to suppress independent journalism in the country. The Court will rule on whether the Gambia's draconian press laws providing for sedition, criminal libel and false news comply with the country's human rights obligations and whether the measures adopted by the Gambia in enforcing these laws have violated the rights of journalists, including the right to freedom from torture.
- A landmark case on hyperlinking at the European Court of Human Rights being handled by MLDI in partnership with the Hungarian Civil Liberties Union is detailed below in the case study in the partners section of this report.

The activities and outcomes of MLDI's strategic casework in 2016 were measured using the following monitoring and evaluation criteria:

- Number of new strategic cases identified
- The amount substantive support or added value provided
- Time spent on strategic cases
- Breadth of countries reached
- Number of strategic cases concluded
- Monitoring any law change after conclusion of cases or strong legal precedent.
- Individual case outcomes

#### Support to organisations for legal justice:

As MLDI continued to expand its work and reputation, requests for support from organisations to develop their capacity to provide legal defence services to journalists also increased, with 50% more applications for partner funding received in 2016 compared to 2015.

Over the course of 2016, MLDI developed new relationships with organisations to develop media defence infrastructure and continued to work with existing partners. MLDI's partner grants are normally in the form of 12-month project grants. During 2016, MLDI supported ten partners delivering media defence in nine countries (Egypt, Hungary, India, Italy, Kenya, Kyrgyzstan, Macedonia, Turkey and Uganda), enabling them to actively defend independent media. Four of

## Media Legal Defence Initiative

### Trustees' annual report

#### For the year ended 31 December 2016

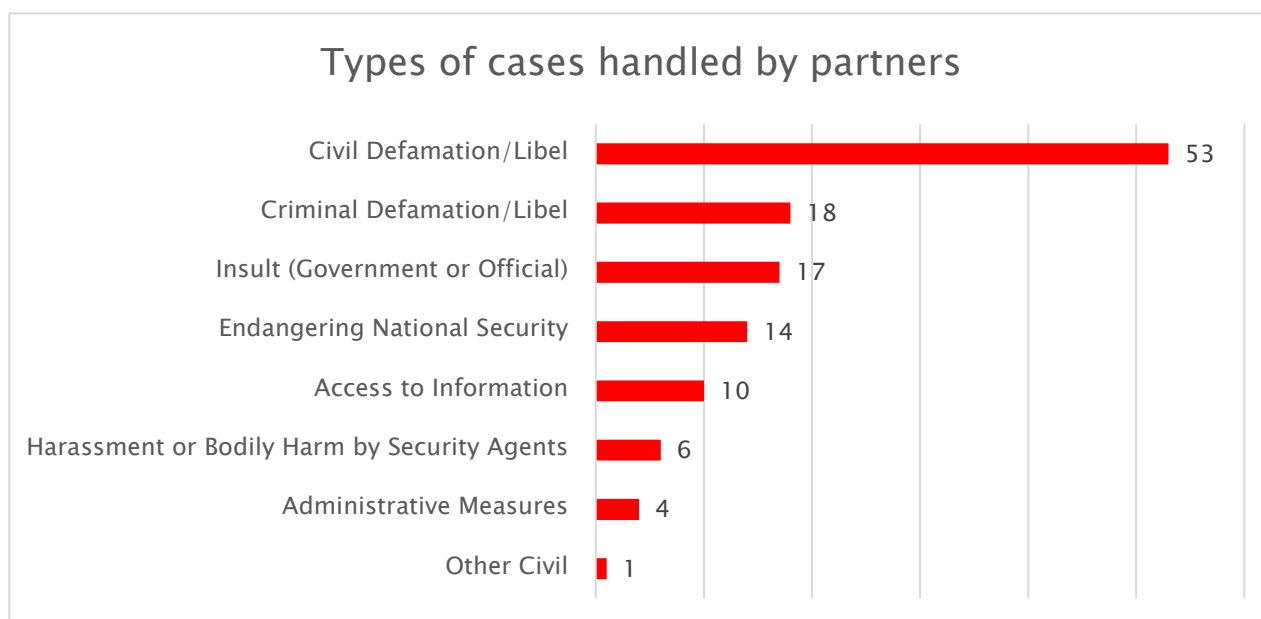
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these were grants awarded in 2015, and the remaining six were awarded during 2016. The five grantees that submitted reports by the end of 2016 litigated a total of 123 cases during 2016 with a success rate of 94%. In addition, 90% of the journalists represented by MLDI's partners are reported to have continued publishing in the public interest. The remaining five will submit their reports in 2017; therefore, MLDI expects the total number of cases litigated by partners in 2016 to rise.

MLDI has long-standing connections with some of its partners, for example, MLDI has worked with its Hungarian partner the Hungarian Civil Liberties Union (HCLU) since 2011. In 2016, HCLU not only litigated media defence cases in Hungary, but they also joined forces with MLDI to take a strategic case to the European Court of Human Rights, which will be the first opportunity for the Court to consider the implications of defamation liability for hyperlinking to third-party content.

In addition to HCLU, MLDI continued funding new projects with existing partners. For example, in India, MLDI funded the Committee for Legal Aid for the Poor (CLAP) to establish a media defence unit within its organisation, and in Macedonia, MLDI funded the Media Development Centre (MDC) to provide legal defence to journalists and media outlets in Macedonia as well as providing technical support to assist them in the development of their strategic plan and litigation strategy. MLDI also agreed one-year grants for three new partners in late 2016: Ossigeno in Italy, the Kenyan Union of Journalists in Kenya, and a new partner in Turkey, further increasing MLDI's reach and ensuring more journalists can be successfully defended.

The vast majority of cases dealt with civil and criminal defamation, as detailed in the chart below.



#### Case Study: Working in Partnership with the Hungarian Civil Liberties Union

In 2015, a Hungarian court held a popular news website, 444.hu, liable for publishing a hyperlink to a YouTube video, which criticized a far right political party. The court found that the video was defamatory and 444.hu was held liable for publishing the hyperlink. Essentially, 444.hu was held responsible for the content found in the YouTube video.

Representing 444.Hu, in September, MLDI and the HCLU filed submissions before the European Court of Human Rights, challenging the Hungarian court's decision. This case will be the first opportunity for the European Court of Human Rights to consider the implications of defamation liability for hyperlinking to third-party content.

Many other NGOs, IT corporations, journalists' associations and academics expressed an interest in the case and filed interventions. Among the interveners are Access Now, Buzzfeed, Electronic Frontier Foundation, the European Roma Rights Centre and Mozilla.

For HCLU, which provides legal representation to around 20 reporters, bloggers and citizen journalists every year, the case against 444.hu is of strategic importance because the judgment, due in 2017 could not only affect restrictive laws in Hungary, but also set a precedent across Europe on defamation by hyperlinking.

"MLDI were a fresh pair of eyes, providing new perspectives in fine tuning our application to the European Court." Dalma Dojcsák, Head of the Freedom of Expression Programme at the Hungarian Civil Liberties Union

MLDI measured its partner work activity and impact in 2016 using the following monitoring and evaluation criteria:

- Number of applications received
- Number of approved partner grants
- Range of countries reached
- Number of cases litigated
- Number of journalists continuing to publish in the public interest
- Number of strategic cases
- Individual case outcomes
- Strategic case outcomes
- Adherence to agreed grant outputs
- Evaluation against proposed grant activities
- Number of lawyers trained
- Number of cases taken following training

#### **Support for training and capacity building:**

The fourth key element of MLDI's work in 2016 was the provision of specialist training to lawyers to develop their technical expertise on litigating freedom of expression cases, building strong legal communities able to defend journalists, bloggers and media outlets and promote media freedom through the courts.

MLDI organized and supervised a one-year freedom of expression clinic in partnership with the University of Edinburgh, concluding in June 2016, attended by 12 law students from Edinburgh Law School. The clinic provided a unique opportunity for students to work alongside practicing lawyers on international casework. Not only was this a useful exercise in upskilling law students on matters of freedom of expression and human rights law, and inspiring them to pursue a career in the field, but the clinic also delivered concrete results in real cases. MLDI assisted students in drafting a petition to the UN Working Group on Arbitrary Detention on behalf of Vietnamese bloggers, Nguyễn Hữu Vinh and Ngô Hào. Nguyễn Hữu Vinh had been sentenced to five years in prison in 2016, following 22 months in pre-trial detention for publishing various articles on his blogs about alleged government corruption and other political issues. Ngô Hào had often criticised Vietnam's human rights abuses. He was arrested in February 2013 without a warrant and charged with taking actions "aimed at overthrowing the people's administration" and convicted on 11 September 2013. He is currently serving a 15-year sentence with hard labour, which has had a profound effect on his health. The petitions filed by the students requested that the UN Working Group on Arbitrary Detention declare that the detentions violate international law. They hope the petitions will put pressure on Vietnam, resulting in the release of Nguyễn Hữu Vinh and Ngô Hào and the dismissal of all charges against them.

In August 2016, MLDI in partnership with the Human Rights Network for Journalists –Uganda (HRNJ-U) and the law firm WilmerHale, organised its second East African Litigation Surgery – a four-day legal training on freedom of expression law and regional human rights mechanisms for lawyers in East Africa. The workshop covered a range of topics including the Right to Freedom of Expression, Media Regulation and Defamation, as well as guidance on strategic litigation and how to use effectively the regional bodies such as the African Commission/Court on Human and Peoples' Rights and the East African Court of Justice. After providing training, MLDI continued to support the participants with advice and assistance on cases challenging the Cybercrime Act in Tanzania, a challenge to the closure of a Tanzanian newspaper before the East African Court of Justice, and civil defamation cases in Kenya.

MLDI's other training and development activities in 2016 included:

- In December, MLDI funded six lawyers from across the globe, to attend the Internet Governance Forum in Mexico, providing them with an opportunity to develop knowledge and skills in digital rights litigation, a growing area of work for MLDI.
- In October, MLDI collaborated with the International Press Institute to train 40 professional journalists in Greece on the issue of defamation.

## Media Legal Defence Initiative

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MLDI's training activities in 2016 were measured using the following monitoring and evaluation criteria:

- Number of lawyers trained
- Feedback from participants after training
- Pre and post measure of knowledge and skills
- Number of freedom of expression cases taken by trained lawyers

### Beneficiaries of our services

MLDI's primary beneficiaries are the journalists, bloggers and media outlets facing legal threats around the world. Indirectly, as a result of supporting and encouraging a free and independent media, citizens are beneficiaries of MLDI's activities, as a free media contributes to a public that is more informed and aware, ensuring they are able to hold/thereby helping to assist in holding their governments accountable.

MLDI forms partnerships with lawyers and it is of paramount importance that they have the right skills to defend journalists under threat. MLDI therefore ran training programmes aimed specifically at our partner lawyers and provided 'on the job' training through mentoring programmes.

MLDI partners are also the national and regional media legal defence organizations it funds, and it supports these organizations to provide legal representation and defence to hundreds of journalists each year.

### Significant internal and external factors:

2016 saw a deterioration of media freedom around the world.

Media freedom in Turkey, already woeful, deteriorated at an alarming rate in 2016. Following the coup in July 2016, the government aggressively used the penal code, criminal defamation legislation, and the country's antiterrorism law to punish critical reporting, and journalists faced growing violence, harassment, and intimidation from both state and non-state actors during the year. Following the coup the Turkish government used state of emergency laws to close publishing houses and shut down a number of newspapers, television channels, magazines and news agencies.<sup>1</sup> MLDI increased its support to Turkey and will continue to allocate additional resources to Turkey going forward.

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<sup>1</sup> See for example <https://cpj.org/europe/turkey/>

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Increasing restrictions on independent media were also seen in Poland and Hungary in Europe, and political downward pressures appear to be building in East Africa.<sup>2</sup> In South and Central America, the use of criminal defamation laws has decreased in recent years but there is an increase in the use of civil defamation as well as privacy laws, often aimed at online media and intermediaries.

Russia continued to deploy Foreign Agent Laws against NGOs receiving foreign funding and engaging in loosely defined 'political activities'. Similar laws were in effect in Ethiopia and Egypt and were being considered in Kyrgyzstan.

2016 saw an ongoing and increasing trend of 'regulating' internet content and online activity and of internet shut downs, resulting in MLDI taking up an increasing number of digital and internet freedom cases.<sup>3</sup>

2016 saw positive and negative trends at regional courts. For example, the European Court of Human Rights consistently provided strong judgments in cases where states interfere with the media's Article 10 rights and provided appropriate relief for journalists unable to secure a remedy at domestic level. However, there are areas of concern. The Grand Chamber handed down a number of problematic judgments in relation to digital rights and on newsgathering. Through strategic litigation MLDI will continue to seek to push back against these decisions.

MLDI maintained relationships with its existing funders, and entered relationships with new ones. The UK referendum on leaving the EU, which took place in June 2016, saw the pound significantly weaken against the dollar. 50% of MLDI's 2016 donations and legacies (excluding donated services) was received in USD and 18% in euros, resulting in a positive impact on MLDI's total income for the year. The majority of grants paid by MLDI are agreed in pound sterling. In some instances, this meant less funds received by grantees, as the rate at budgeting and grant agreement was different from the rates at time of payment. In five cases where the exchange rate had a significant impact on the ability of grantees to deliver on the objective of the grant, MLDI agreed to pay a top-up grant.

MLDI relies extensively on legal services provided by a network of pro bono counsel, particularly to support its strategic litigation. MLDI is particularly grateful for the ongoing contributions provided by international law firm WilmerHale, which provided around 6,500 hours of pro bono work on strategic cases at the European Court of Human Rights and the African Court of Human and Peoples' Rights. MLDI is similarly grateful to the law firms Covington & Burling, De Brauw Blackstone Westbroek, Cooley (UK) LLP, Stibbe Legal and White and Case. MLDI is also grateful to

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<sup>2</sup> For example, see <https://www.amnesty.org/en/countries/africa/uganda/>  
<https://www.amnesty.org/en/countries/africa/tanzania/report-tanzania/>  
<https://www.amnesty.org/en/countries/europe-and-central-asia/poland/report-poland/>  
<https://www.amnesty.org/en/countries/europe-and-central-asia/hungary/report-hungary/>

<sup>3</sup> See for example <http://www.wired.co.uk/article/over-50-internet-shutdowns-2016>

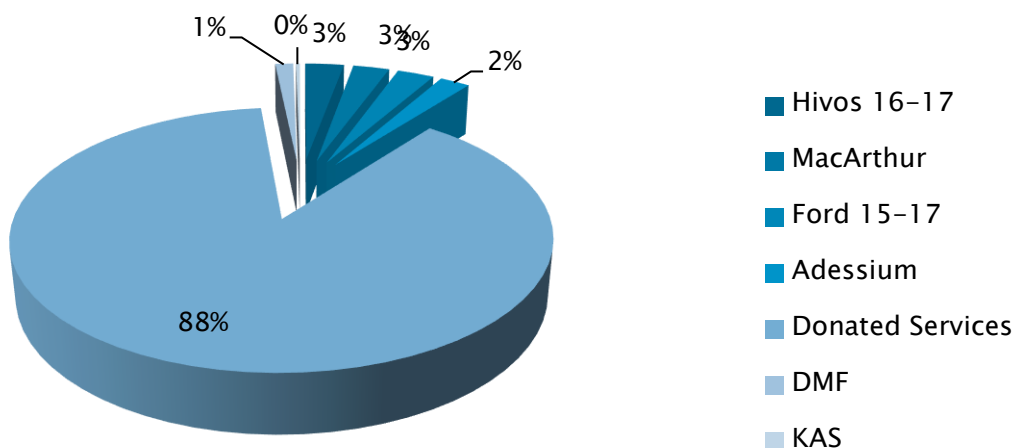
the numerous individual lawyers who provided many hundreds of hours of legal services pro bono, including, Robert Balin, Amal Clooney, Coailfhionn Gallagher, Francis Gimara, Anthony Jones, Sara Mansoori, Liz Morley, Katherine O'Byrne, Jonathan Price, Kristen Sjovoll, Mark Stephens, Mark Wassouf, Aidan Wills, Lorna Woods, Can Yeginsu and Keina Yoshida.

## Financial review

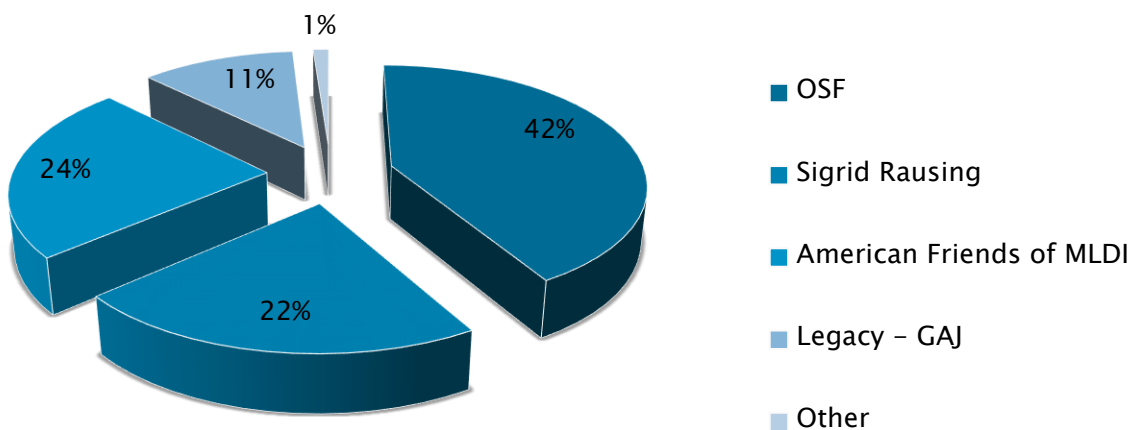
### Income:

Trusts and Foundations continued to be the main source of MLDI's funding – with 88% of the restricted income received during 2016 being in the form of donated services and the Open Society Foundation being a major contributor (42%) to unrestricted income received during 2016.

### 2016 Incoming resources – Restricted



### 2016 Incoming resources – Unrestricted





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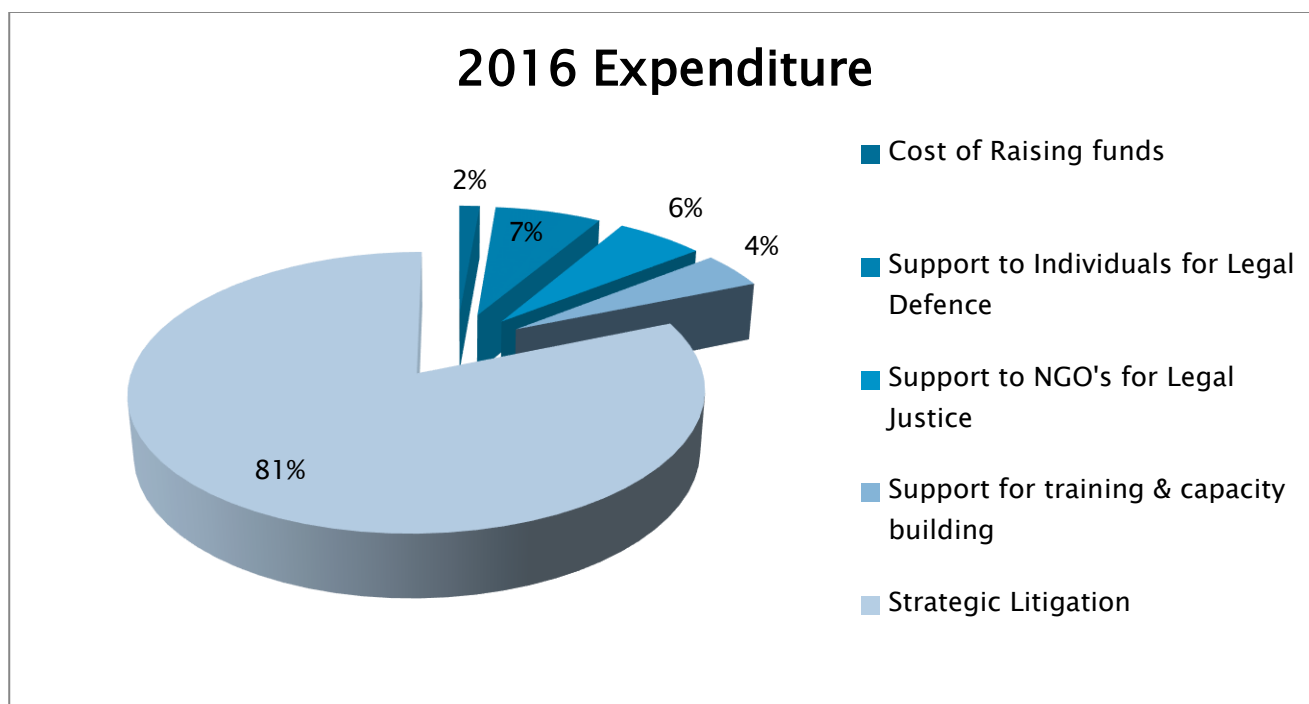
In 2016 MLDI received total incoming resources of £3.7 million, compared to £2.2 million in 2015; being a 67% increase in incoming resources which was mainly attributable to an increased level of donated services.

81% of the incoming resources were restricted to either region or theme; and 19% was unrestricted; with 88% of the restricted incoming resources being from donated services, compared to 61% in 2015.

Overall, MLDI'S unrestricted income rose by 9% during 2016; predominantly due to new legacy funding received during the period, while restricted income rose by 90%, mainly attributable to increased donated services. The exchange rate fluctuations resulting from the UK's vote to leave the EU in June 2016, yielded a positive impact on MLDI's USD and EUR denominated funding and contributed to the increase to MLDI's income in 2016.

#### Expenditure

MLDI expends most of its funding on its charitable activities; 2% of total incoming resources in 2016 were spent on generating funds.



In 2016, MLDI spent £3.4 million, a 48% increase from 2015 when expenditure was £2.3 million, mainly attributable to the increase in cost of donated services. MLDI also recorded a decline in funds spent on two of its charitable activities:

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- 19% decline in funds spent on 'Support to Individuals for Legal Defence' – this decline is attributable to a reduction in the average unit cost per grant awarded during the period, £1,532 in 2016 compared to £2,190 in 2015.. The reduction in unit cost was due to improved information on the cost of litigating in countries/regions, which was reflected in the budgets approved for grants/cases during the year.
- 21% decline in funds expended on 'Support for training & capacity building' – no grant was given for Training and Capacity Building in 2016 because applications received were not approved as they either fell outside of MLDI's charitable objectives or failed MLDI's due diligence checks.

MLDI's total support cost in 2016 was £171,733, compared to £257,517 in 2015; representing 5% of total expenditure, compared to 11% in 2015. Support costs include salary and overhead costs and have been allocated across activities on the basis shown in Note 2(i) of the Financial Statements.

#### Overall Picture

MLDI recorded a significant increase in donated services during 2016 (2016: 7,275 hours compared to 5,240 hours in 2015) which was attributable to:

- A growing case docket
- Particularly time consuming and complex strategic cases (ECOWAS, Ismayilova, Magyar Jeti (444) and three African Commission cases)

Overall, MLDI has increased fundraising efforts, increased contacts in the Legal sector and introduced more stringent financial management systems, resulting in a positive financial outcome during the period with a net increase in funds of £212,925.

At the end of 2016, MLDI carried forward total funds of £765,933; of which £201,566 were restricted funds, being balance of funding which have either a thematic or regional restriction attached to them; and £564,367 were general funds.<sup>4</sup>

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<sup>4</sup> General funds at the end of 2016 are made up of funds designated as reserves, £235,000; balance of funds held on current funding contracts for use on MLDI's charitable activities, £221,266; and; free reserves of £108,101.

## Reserves policy and going concern

MLDI has a reserves policy, which defines the level of funds that should be held to ensure MLDI can continue to operate. The reserves policy identifies and distinguishes between restricted and unrestricted reserves, and the level of unrestricted reserves held is informed by income and expenditure forecasts based on planned activities and analysis of potential risk.

The reserves policy requires:

- Reserves to be maintained at a level which ensures that the MLDI can meet any costs of closing the organisation, whilst remaining operational for a period of six months, without any new grant making activity; and
- A proportion of reserves to be maintained in a readily realisable form.

Calculation of the required level of reserves and general funds is an integral part of the organisation's planning, budget and forecast cycle. It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted
- Planned activity level; and
- Organisational commitments

The level of designated reserves has been set at £235,000. MLDI is also carrying forward general funds of £329,367; of which £108,101 are free reserves; thus, a total of £343,101 is available to act as a contingency against anticipated funding not being realised.

There are no material uncertainties that would prevent MLDI from continuing its charitable activities for the near future. The reasons for this affirmation are:

- Cash flow forecasts for the next twelve months have been reviewed and MLDI is confident that adequate resources are available (with 92% of funding confirmed) to cover foreseeable expenditure
- MLDI has adequate free reserves to cover any unrealised expected funding.
- MLDI has adequate management, programme and support expertise in place to discharge the day-to-day and long-term programme of activities.

## Principal risks and uncertainties

**Political:** Cases against journalists are often politically driven and a political as well as a legal strategy is required to win them. To address this, MLDI assesses cases on an ongoing basis to ensure that, where necessary, a wider advocacy strategy as well as a legal strategy is in place. MLDI use experienced local lawyers and can rely on NGO partners as well as national advocacy groups when needed.

**Technological:** The use of the Internet as a forum for expression is growing exponentially. As a result, the desire to control this space is increasing as well. MLDI is working to keep the digital

## Media Legal Defence Initiative

### Trustees' annual report

#### For the year ended 31 December 2016

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space free, open, and secure. In 2017, MLDI will continue to prioritise cases relating to the internet, in particular network shutdowns; laws, including cybercrime laws, and practices enabling the blocking of access, and intermediary liability; and the right to be forgotten.

**Legal:** Hostile legal environments in some countries mean that it is very difficult for the media to win cases and there is little independence of the judiciary leading to a high risk of failure. To overcome this, in countries where the legal environment is restrictive, MLDI appeals cases to international courts and bodies in order to formally register media freedom violations and pressure the country to change its laws and practices, such as in Vietnam, Bahrain or Azerbaijan for instance. MLDI does not work in countries where legal restrictions effectively outlaw a free media.

**Growing demand:** The global need for legal aid in media cases is significant and demand for MLDI's assistance looks set to grow as awareness of its existence spreads. MLDI continues to monitor need and fundraise to meet demand. MLDI does not commit to supporting cases that outstrip its capacity and seeks to expand and mobilise its pool of pro-bono lawyers globally to ensure that demand can be met when not able to engage directly on a case.

**Lack of interest in the legal profession in media law:** Few lawyers are interested in working on media cases. MLDI will continue to engage lawyers with sufficient interest to build media law networks and support development of expertise. Experience shows that there usually exists a small group of lawyers sufficiently dedicated to form the core of a media law network. If these lawyers are supported and achieve success, others will enter the field. Building regional and international networks also helps the cultivation of a media law bar. MLDI's network of media lawyers has consistently grown throughout the years.

**Weak implementing partners, both institutional and individual:** MLDI seeks to mitigate against this by having a competitive partnering process requiring its implementing partners to review their work plans and proposals at six months and after one year at the end of the project. MLDI also carefully vets the individual lawyers it works with and mobilises experienced pro-bono lawyers or its own legal staff when individual lawyers need substantive legal support to improve their defence, providing on-the-job training. MLDI also seeks to mitigate this risk by delivering more capacity building training in target regions or with partners that have the most need in capacity building. MLDI has developed and made available to lawyers and its partners, training manuals on freedom of expression and media defence and is in the process of producing a monitoring, evaluation and learning toolkit for its partners to increase their capacity in this area.

**Fraud and corruption:** As a re-granter, MLDI handles a sizeable annual grants budget that may be a target for fraudsters. MLDI is bound under UK law to take measures to guard against this. It has a fraud policy that requires it to screen all recipients of funding as well as of pro bono assistance and conduct thorough due diligence before committing to support a case, provide a grant or enter into an institutional partnership.

## Media Legal Defence Initiative

### Trustees' annual report

#### For the year ended 31 December 2016

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Funding: MLDI relies on grants and donations to fulfil its mission. It has a very limited ability to generate funds through commercial activities. MLDI mitigates against this by diversifying its donor pool, increasing its fundraising efforts, not committing to expenditure before funding is secured and contingency planning against fundraising shortfalls. MLDI has a reserve that allows it to meet its commitments and wind up the organisation should it receive no future funds at all.

Staff attraction and retention: Attracting high quality staff willing to work at salaries that do not match those offered in the private sector can be challenging. MLDI aims to be competitive as regards salaries in the London NGO sector and experience shows that staff are attracted by the opportunity of working on cases and issues that can make a difference in terms of improving respect for human rights.

### Plans for the future

MLDI's 2017 priorities are guided by two simple but powerful objectives:

- 1 To provide and facilitate high quality legal defence for independent media, bloggers and journalists under threat; and
- 2 To ensure a high impact for MLDI's work.

This fulfils MLDI's vision of ensuring that journalists are able to defeat abusive legal challenges and continue to report on issues of public interest. MLDI's four key tools and working methods – providing emergency defence, making grants, engaging in strategic litigation, and providing training on media law – are all in the service of these two objectives, and MLDI maximises its resources to this end.

MLDI's operational priorities for 2017 are the following:

- Pursue strategic litigation to end the abuse of criminal laws and promote media freedom online, particularly by challenging internet shut downs and overly broad cyber-crimes legislation
- To respond to requests for assistance from around the world, within its ability
- To provide training to lawyers in geographic and thematic areas of focus
- To increase the visibility of MLDI through enhanced communications
- Develop new partnerships and support an increasing number of individual cases in South Asia, South East Asia and Latin America
- Support networks and coalitions of partner organisations to plan strategic actions at regional courts, facilitate cross-network learning and the promotion of best practices in media defence litigation, and strengthen advocacy.

## Structure, governance and management

MLDI is a company limited by guarantee, incorporated 16 June 2008, as amended 19 November 2012, and was registered as a charity on 24 March 2009. The company is governed under its Articles of Association, which sets out its objects and powers.

MLDI is an independent and autonomous UK charity. The Trustees of MLDI set the strategic aims and directions for the organisation. They also approve grants made by the charity for amounts over £15,000. The chair of the trustees approves grants of amounts between £1,500 and £15,000, on the recommendation of senior staff. Its London-based staff carry out day-to-day operations; this includes decisions on financial support for the defence of individual journalists up to a maximum of £1,500.

MLDI determines its resource requirements in a thorough financial planning process, and on an annual basis the trustees consider and approve the detailed plans and budget. The trustees empower the chair to monitor, control and ensure delivery of the plans within the resources available.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts.

The Chief Executive Officer is Lucy Freeman. She took over from Peter Noorlander in April 2016.

## Appointment of trustees

Under the charity's Articles of Association, the first directors of the company became its first trustees when the charity was registered on 24 March 2009. Additional trustees are selected and appointed by the board.

Trustees are appointed for a three-year term under the Articles of Association and can serve a maximum of two consecutive terms. They are then eligible for re-appointment following at least a one-year absence from the position.

On appointment, trustees are provided with the Articles of Association of MLDI and a copy of the Charity Commission's guidance on the role and responsibilities of trustees.

The trustees of MLDI meet once every three months and receive detailed reports to retain effective control over the organisation and to monitor the work of the Chief Executive Officer and her team.

## Trustee induction and training

Trustees are familiar with either the fields of charity finance/management, law, human rights and/or journalism and undergo an induction on their role and responsibilities as well as the work of the MLDI.

Trustees have a responsibility to attend appropriate training in order for them to perform their legal duties. The trustees are offered training opportunities throughout the year. MLDI sponsored a trustee to attend a fundraising course in November, with a view to board development and awareness of CC20 – Charity fundraising and the trustees duties.

## Related parties and relationships with other organisations

- MLDI trustee, Gary Born, is the chair of the International Arbitration Practice Group at Wilmer Cutler Pickering Hale and Dorr LLP, which provided extensive pro bono support to MLDI
- MLDI trustee, Smita Shah, provided pro bono support in the context of a media law training work

## Remuneration policy for key management personnel

The trustees have specific responsibility for remuneration matters. They make final recommendations on annual increases to the salary budget through the budget setting process for the forthcoming financial year.

The trustees make decisions on starting salaries for a new CEO. The CEO makes decisions on starting salaries for new staff based on job function and market conditions prevailing in the location of the job (London) and the MLDI Performance and Reward Pay Procedure. The CEO makes decisions on performance related increases for existing staff subject to approval of the budget by the Board.

## Employee information

The staff of the MLDI is crucial to the delivery of its charitable objects. The staff is led by the CEO and comprises legal, finance, monitoring and evaluation, and grant making specialists. MLDI provides its staff with training to ensure skills are kept up to date and has in place a range of mechanisms to ensure the smooth handling of its caseload.

2016 saw a significant number of staff changes, including a new CEO, Finance and Office Manager, Legal Director, Legal and Grants Officer and Monitoring and Evaluation Officer. These changes have provided MLDI with a new wave of staff with a varied skill set and an opportunity to improve and refine its programming, systems and processes.

## Statement of responsibilities of the trustees

The trustees (who are also directors of Media Legal Defence Initiative for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2017 was 9. The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.



## Media Legal Defence Initiative

### Trustees' annual report

For the year ended 31 December 2016

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## Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report which includes the strategic report has been approved by the trustees on 10 May 2017 and signed on their behalf by

Robert Jobbins  
Chair

## Independent auditor's report

To the members of

Media Legal Defence Initiative

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### Opinion

We have audited the financial statements of Media Legal Defence Initiative (the 'charitable company') for the year ended 31 December 2016 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for

## **Independent auditor's report**

**To the members of**

### **Media Legal Defence Initiative**

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the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

## **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

## Independent auditor's report

To the members of

### Media Legal Defence Initiative

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Jonathan Orchard (Senior statutory auditor)

12 May 2017

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

## Media Legal Defence Initiative

### Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2016

	Note	Unrestricted £	Restricted £	2016 Total £	Unrestricted £	Restricted £	2015 Total £
<b>Income from:</b>							
Donations and legacies	2	672,826	2,976,823	<b>3,649,649</b>	619,903	1,568,562	2,188,465
Other		7,804	-	<b>7,804</b>	3,681	-	3,681
<b>Total income</b>		<b>680,630</b>	<b>2,976,823</b>	<b>3,657,453</b>	<b>623,584</b>	<b>1,568,562</b>	<b>2,192,146</b>
<b>Expenditure on:</b>							
Raising funds	3	41,151	9,602	<b>50,753</b>	40,906	-	40,906
Charitable activities							
Support to Individuals for Legal Defence	3	154,669	109,275	<b>263,944</b>	205,821	120,115	325,936
Support to NGO's for Legal Justice	3	128,289	88,270	<b>216,559</b>	157,809	52,309	210,118
Support for training & capacity building	3	84,247	75,314	<b>159,561</b>	162,579	40,603	203,182
Strategic Litigation	3	112,052	2,641,659	<b>2,753,711</b>	114,648	1,427,984	1,542,632
<b>Total expenditure</b>		<b>520,408</b>	<b>2,924,120</b>	<b>3,444,528</b>	<b>681,763</b>	<b>1,641,011</b>	<b>2,322,774</b>
<b>Net income / (expenditure) for the year</b>	5	160,222	52,703	<b>212,925</b>	(58,179)	(72,449)	(130,628)
Transfers between funds		1,699	(1,699)	-	22,494	(22,494)	-
<b>Net movement in funds</b>		<b>161,921</b>	<b>51,004</b>	<b>212,925</b>	<b>(35,685)</b>	<b>(94,943)</b>	<b>(130,628)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		402,446	150,562	<b>553,008</b>	438,131	245,505	683,636
<b>Total funds carried forward</b>		<b>564,367</b>	<b>201,566</b>	<b>765,933</b>	<b>402,446</b>	<b>150,562</b>	<b>553,008</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

## Media Legal Defence Initiative

### Balance sheet

Company no. 06621203

As at 31 December 2016

	Note	£	2016 £	£	2015 £
<b>Fixed assets:</b>					
Tangible fixed assets	10		<u>-</u>		<u>-</u>
<b>Current assets:</b>					
Debtors	11	13,762		17,982	
Cash at bank and in hand	18	1,050,016		847,082	
			<u>1,063,778</u>	<u>865,064</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	12	297,845		312,056	
				<u>312,056</u>	
<b>Net current assets</b>			<u>765,933</u>		<u>553,008</u>
<b>Total net assets / (liabilities)</b>	15		<u><u>765,933</u></u>		<u><u>553,008</u></u>
<b>The funds of the charity:</b>	16				
Restricted income funds			201,566		150,562
Unrestricted income funds:					
Designated funds		235,000		235,000	
General funds		329,367		167,446	
			<u>564,367</u>	<u>402,446</u>	
<b>Total unrestricted funds</b>			<u>564,367</u>	<u>402,446</u>	
<b>Total charity funds</b>			<u><u>765,933</u></u>	<u><u>553,008</u></u>	

Approved by the trustees on 10 May 2017 and signed on their behalf by

Robert Jobbins  
Chair

Media Legal Defence Initiative

Statement of cash flows

For the year ended 31 December 2016

	Note	2016	2015
		£	£
Cash flows from operating activities	17		
Net cash provided by / (used in) operating activities		199,692	(193,370)
Cash flows from investing activities:			
Dividends, interest and rents from investments		3,242	3,313
Purchase of fixed assets		-	-
Net cash provided by / (used in) investing activities		3,242	3,313
Change in cash and cash equivalents in the year		202,934	(190,057)
Cash and cash equivalents at the beginning of the year		847,082	1,037,139
Cash and cash equivalents at the end of the year	18	1,050,016	847,082



**1 Accounting policies**

**a) Statutory information**

Media Legal Defence Initiative is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is The Foundry, 17–19 Oval Way, LONDON, SE11 5RR.

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**g) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

**1 Accounting policies (continued)**

**h) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of legal defence to individual, legal justice support to NGO's, support for training and capacity building and support towards strategic litigation undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**i) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

- |  |     |
|--|-----|
| ● Support to Individuals for Legal Defence | 30% |
| ● Support to NGO's for Legal Justice       | 15% |
| ● Strategic Litigation                     | 20% |
| ● Support for Training & Capacity Building | 15% |
| ● Support costs                            | 15% |
| ● Governance costs                         | 5%  |

**j) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**k) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £1,500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- |                                 |         |
|---------------------------------|---------|
| ● Computer Equipment            | 3 years |
| ● Fittings and Office equipment | 4 years |

**l) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

## Media Legal Defence Initiative

### Notes to the financial statements

For the year ended 31 December 2016

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#### 1 Accounting policies (continued)

##### m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

##### n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

##### o) Pensions

MLDI will match pension contribution for individuals from 4% up to 8% of employees' qualifying earnings.

##### p) Foreign currency translations

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange for the year. Exchange differences are taken into account in arriving at the net incoming resources for the year.

#### 2 Income from donations and legacies

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Gifts & Donations	594,919	359,330	954,249	841,918
Legacies	77,907	–	77,907	–
Donated services	–	2,617,493	2,617,493	1,346,547
	<u>672,826</u>	<u>2,976,823</u>	<u>3,649,649</u>	<u>2,188,465</u>

Donated services are comprised of pro-bono legal support services and are calculated on the basis of the value of the service to MLDI

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2016

3 Analysis of expenditure

	Charitable activities							2016 Total £	2015 Total £
	Raising funds £	Support to Individuals for Legal Defence £	Support to NGO's for Legal Justice £	Support for training & capacity building £	Strategic Litigation £	Governance costs £	Support costs £		
Staff costs (Note 6)	41,749	92,457	46,228	61,637	46,228	15,409	46,228	349,936	397,277
Other staff costs	-	7,382	3,692	4,921	3,691	1,230	3,691	24,607	33,094
Grants payable (Note 4)	-	91,914	116,667	-	2,617,493	-	-	2,826,074	1,592,438
Translation services	-	-	-	-	19,736	-	-	19,736	6,840
Fundraising costs	9,004	-	-	-	-	-	-	9,004	8,418
Volunteers' expenses	-	826	413	552	414	138	413	2,756	3,301
Travel and subsistence	-	-	-	8,988	13,476	-	-	22,464	29,779
Meetings and events	-	-	-	55,710	3,114	-	-	58,824	51,714
Marketing and promotion	-	-	-	-	-	-	13,500	13,500	25,361
Monitoring and Evaluation	-	-	-	-	-	-	10,258	10,258	19,092
Premises	-	-	-	-	-	-	49,212	49,212	48,769
Depreciation	-	-	-	-	-	-	-	-	2,288
Office costs	-	-	-	-	-	-	32,846	32,846	43,824
Bank Charges & Exchange	-	-	-	-	-	-	(838)	(838)	7,967
Board expenses	-	-	-	-	-	726	-	726	1,061
Audit and accountancy	-	-	-	-	-	9,000	16,423	25,423	49,391
Legal and professional	-	-	-	-	-	-	-	-	2,160
<b>Sub-total</b>	<b>50,753</b>	<b>192,579</b>	<b>167,000</b>	<b>131,808</b>	<b>2,704,152</b>	<b>26,503</b>	<b>171,733</b>	<b>3,444,528</b>	<b>2,322,774</b>
Support costs	-	61,824	42,933	24,043	42,933	-	(171,733)	-	-
Governance costs	-	9,541	6,626	3,710	6,626	(26,503)	-	-	-
<b>Total expenditure 2016</b>	<b>50,753</b>	<b>263,944</b>	<b>216,559</b>	<b>159,561</b>	<b>2,753,711</b>	<b>-</b>	<b>-</b>	<b>3,444,528</b>	<b>2,322,774</b>
Total expenditure 2015	40,906	325,936	210,118	203,182	1,542,632	-	-	-	-

Of the total expenditure, £680,630 was unrestricted (2015: £681,764) and £2,924,120 was restricted (2015: £1,641,011).

## Media Legal Defence Initiative

### Notes to the financial statements

#### For the year ended 31 December 2016

#### 4 Grant making

	Grants to institutions £	Grants to individuals £	Support costs £	2016 £	2015 £
<b>Cost</b>					
Support to Individuals for Legal Defence	-	91,914	61,824	<b>153,738</b>	225,622
Support to NGO's for Legal Justice	116,667	-	42,933	<b>159,600</b>	140,326
Support for Training & Capacity Building	-	-	24,043	<b>24,043</b>	164,357
Strategic Litigation	2,617,493	-	42,933	<b>2,660,426</b>	1,472,840
At the end of the year	<u>2,734,160</u>	<u>91,914</u>	<u>171,733</u>	<u><b>2,997,807</b></u>	<u>2,003,145</u>

Grants are provided to individuals and institutions from MLDI based on the charitable objectives of the organisation and with consideration for affordability

#### 5 Net income / (expenditure) for the year

This is stated after charging / crediting:

	2016 £	2015 £
Depreciation	-	2,218
Operating lease rentals:		
Other	-	-
Auditors' remuneration (excluding VAT):		
Audit	<b>7,500</b>	7,400
Foreign exchange gains or losses	<b>(838)</b>	7,408
	<u><b>7,500</b></u>	<u>7,408</u>

#### 6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	<b>307,323</b>	319,617
Redundancy and termination costs	-	16,049
Social security costs	<b>27,250</b>	33,858
Employer's contribution to defined contribution pension schemes	<b>15,363</b>	25,698
Other forms of employee benefits	-	2,055
	<u><b>349,936</b></u>	<u>397,277</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2016 No.	2015 No.
£60,000 – £69,999	-	1
	<u>-</u>	<u>1</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £83,398 (2015: £70,431).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2015: £nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil).

Trustees' expenses/development represents the Fundraising training cost totalling £85 (2015: £Nil) incurred by members relating to attendance at meetings of the trustees.

**7 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was 7 (2015: 8.0).

Staff are split across the activities of the charitable company as follows (full time equivalent basis):

	2016 No.	2015 No.
Raising funds	0.5	0.5
Support to Individuals for Legal Defence	1.9	1.9
Support to NGO's for Legal Justice	0.9	0.9
Support for Training & Capacity Building	0.9	0.9
Strategic Litigation	1.3	1.3
Support	2.0	2.0
Governance	0.5	0.5
	<b>8.0</b>	<b>8.0</b>
	<b>8.0</b>	<b>8.0</b>

**8 Related party transactions**

In 2016 the charity received pro bono support from the trustees or related parties of the trustees in the following instances:

- There was extensive pro bono support provided by the law firm of one of our trustees, Gary Born, who is a partner at Wilmer Cutler Pickering Hale and Dorr LLP;
- Trustee, Smita Shah, provided pro bono support on a media law training workshop

**9 Taxation**

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

**10 Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At the start of the year	6,008	20,049	<b>26,057</b>
At the end of the year	6,008	20,049	<b>26,057</b>
<b>Depreciation</b>			
At the start of the year	6,008	20,049	<b>26,057</b>
At the end of the year	6,008	20,049	<b>26,057</b>
<b>Net book value</b>			
<b>At the end of the year</b>	-	-	-
	-	-	-
At the start of the year	-	-	-
	-	-	-

All of the above assets are used for charitable purposes.

## Media Legal Defence Initiative

### Notes to the financial statements

For the year ended 31 December 2016

#### 11 Debtors

	2016 £	2015 £
Grants Receivable	–	9,136
Other Debtors	4,140	2,179
Prepayments	9,622	6,667
	<u>13,762</u>	<u>17,982</u>

#### 12 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade Creditors	5,591	33,233
Tax & Social Security	–	–
Other Creditors	416	1,732
Grants Payable	132,838	123,898
Deferred Income	150,000	150,000
Accruals	9,000	3,193
	<u>297,845</u>	<u>312,056</u>

#### 13 Deferred income

Deferred income comprises an amount of £150,000 received from Sigrid Rausing for 2017 activities

	2016 £	2015 £
Balance at the beginning of the year	150,000	150,000
Amount released to income in the year	(150,000)	(150,000)
Amount deferred in the year	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

#### 14 Pension scheme

MLDI matches Employee's Pension contribution from 4% and up to 8% of qualifying earnings.

Media Legal Defence Initiative

Notes to the financial statements

For the year ended 31 December 2016

15a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	-	-	-
Net current assets	329,367	235,000	201,566	765,933
<b>Net assets at the end of the year</b>	<b>329,367</b>	<b>235,000</b>	<b>201,566</b>	<b>765,933</b>

15b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	-	-	-
Net current assets	167,446	235,000	150,562	553,008
<b>Net assets at the end of the year</b>	<b>167,446</b>	<b>235,000</b>	<b>150,562</b>	<b>553,008</b>

16a Movements in funds (current year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Google	48,883	-	(44,656)	(1,699)	2,528
Ford 13-15	-	-	-	-	-
Hivos 14-15	27,180	-	(27,180)	-	-
Hivos 16-17	-	85,113	(58,111)	-	27,002
Ethiopia Fund	7,360	-	(955)	-	6,405
MacArthur	43,710	79,717	(49,157)	-	74,270
General Donations	-	-	-	-	-
Ford 15-17	23,429	80,959	(58,090)	-	46,298
Adessium	-	65,832	(40,863)	-	24,969
Democratie and Media Foundation	-	39,451	(33,180)	-	6,271
Donated services	-	2,617,493	(2,617,493)	-	-
Other Donors	-	8,258	5,565	-	13,823
<b>Total restricted funds</b>	<b>150,562</b>	<b>2,976,823</b>	<b>(2,924,120)</b>	<b>(1,699)</b>	<b>201,566</b>
<b>Unrestricted funds:</b>					
Designated Reserves	235,000	-	-	-	235,000
<b>General funds</b>	<b>167,446</b>	<b>680,630</b>	<b>(520,408)</b>	<b>1,699</b>	<b>329,367</b>
<b>Total unrestricted funds</b>	<b>402,446</b>	<b>680,630</b>	<b>(520,408)</b>	<b>1,699</b>	<b>564,367</b>
<b>Total funds</b>	<b>553,008</b>	<b>3,657,453</b>	<b>(3,444,528)</b>	<b>-</b>	<b>765,933</b>



## 16b Movements in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Google	59,138	-	(3,666)	(6,589)	<b>48,883</b>
Ford 13-15	37,389	-	(57,967)	20,578	-
Hivos 14-15	99,658	81,235	(137,804)	(15,909)	<b>27,180</b>
Ethiopia Fund	11,934	-	(4,574)	-	<b>7,360</b>
MacArthur	36,980	64,253	(36,949)	(20,574)	<b>43,710</b>
General Donations	406	-	(406)	-	-
Ford 15-17	-	64,702	(41,273)	-	<b>23,429</b>
Donated services	-	1,346,547	(1,346,547)	-	-
Other Donors	-	11,825	(11,825)	-	-
<b>Total restricted funds</b>	<b>245,505</b>	<b>1,568,562</b>	<b>(1,641,011)</b>	<b>(22,494)</b>	<b>150,562</b>
<b>Unrestricted funds:</b>					
Designated Reserves	235,000	-	-	-	<b>235,000</b>
<b>General funds</b>	<b>203,131</b>	<b>623,584</b>	<b>(681,763)</b>	<b>22,494</b>	<b>167,446</b>
<b>Total unrestricted funds</b>	<b>438,131</b>	<b>623,584</b>	<b>(681,763)</b>	<b>22,494</b>	<b>402,446</b>
<b>Total funds</b>	<b>683,636</b>	<b>2,192,146</b>	<b>(2,322,774)</b>	<b>-</b>	<b>553,008</b>

## 16 Purposes of restricted funds

Google – Support of online bloggers in the Mediterranean Region.

Ford 13-15 – legal assistance to journalists, bloggers and independent media under oppression in South Asia and East Africa.

Hivos 14-15 – legal defence to online media and bloggers in South and Southeast Asia.

Hivos 16-17 – legal defence to online media and bloggers.

Ethiopia Fund – Support for journalists and online media in Ethiopia.

MacArthur – Defence of journalists and other online media within Russia.

Ford 15-17 – legal assistance to journalists, bloggers and independent media under oppression in South Asia and East Africa.

Adessium – Support to Media Centres in Council of Europe Countries.

Democratie and Media Foundation – Defence of independent media, bloggers and journalists.

**Purposes of designated funds**

Designated funds are maintained to ensure any significant financial risks to MLDI are controllable.

## 17 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016 £	2015 £
<b>Net income / (expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>212,925</b>	<b>(130,628)</b>
Depreciation charges	–	2,288
Dividends, interest and rent from investments	<b>(3,242)</b>	<b>(3,313)</b>
(Increase)/decrease in debtors	<b>4,220</b>	16,445
Increase/(decrease) in creditors	<b>(14,211)</b>	<b>(78,162)</b>
<b>Net cash provided by / (used in) operating activities</b>	<b>199,692</b>	<b>(193,370)</b>

## 18 Analysis of cash and cash equivalents

	At 1 January 2016 £	Cash flows £	Other changes £	At 31 December 2016 £
Cash in hand	412,380	200,101	–	<b>612,480</b>
Notice deposits (less than three months)	434,702	2,834	–	<b>437,536</b>
<b>Total cash and cash equivalents</b>	<b>847,082</b>	<b>202,935</b>	<b>–</b>	<b>1,050,016</b>

## 19 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2016 £	2015 £
Less than one year	<b>16,356</b>	15,676
One to five years	–	–
	<b>16,356</b>	<b>15,676</b>

## 20 Capital commitments

At the balance sheet date, the charity had made no capital commitments

## 21 Contingent assets or liabilities

There are no contingent assets or liabilities

## 22 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.